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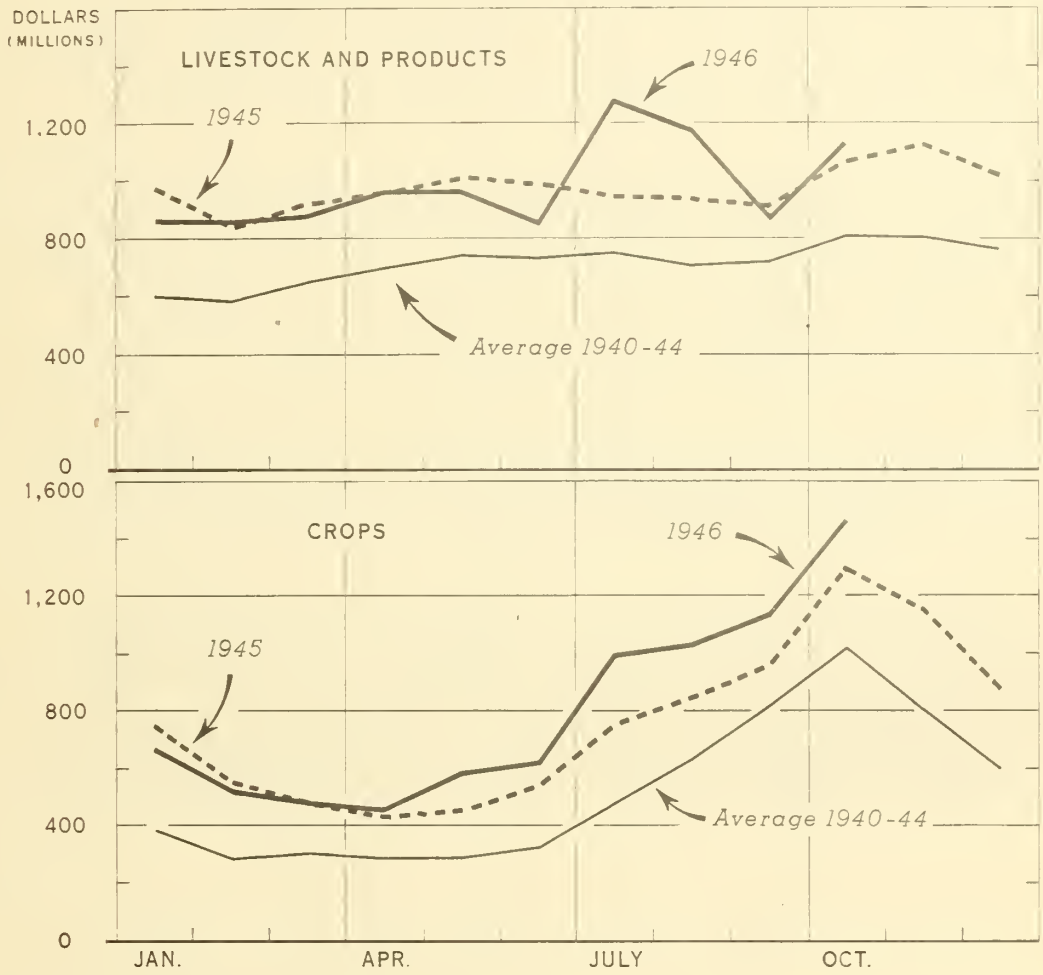
THE Farm Income SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

FIS - 81 BAE OCTOBER 1946

CASH RECEIPTS FROM FARM MARKETINGS OF LIVESTOCK AND PRODUCTS, AND CROPS, UNITED STATES, 1945-46 COMPARED WITH 1940-44 AVERAGE



U.S. DEPARTMENT OF AGRICULTURE NEG. 46221 BUREAU OF AGRICULTURAL ECONOMICS

Cash receipts from livestock and products during the past 10 months moved on about the same level as in 1945, except in June when marketings of meat animals dropped sharply, and in July and August when prices and marketings of nearly all livestock and commodities were relatively high.

Cash receipts from crops remained close to 1945 for the first 4 months, but higher receipts have been maintained since then because of higher prices, slightly larger 1946 crops, and bonus payments on wheat and corn in May and June.

FARM INCOME SITUATION

Preliminary Estimates of Cash Receipts from Farm Marketings

Farmers' total cash receipts from farm marketings during the first 10 months of 1946 amounted to around 17.8 billion dollars, 7 percent greater than for the same period last year. Receipts from livestock and products were about 3 percent above 1945, and represented 55 percent of total receipts compared with 58 percent last year. This decline in the share of total receipts contributed by livestock and products resulted largely from the sharp drop in receipts from meat animals in September and the first part of October. Receipts from crops during the 10 month period were about 13 percent above 1945, this increase reflecting higher prices for most crops and larger marketings of some.

Farmers' cash receipts from marketings in October were probably about 2.6 billion dollars, with livestock and crops both 30 percent above September. Compared with October 1945, receipts from livestock and products gained 5 percent, crops 13 percent, and all commodities combined 10 percent. Receipts from meat animals were substantially higher than the low September level and about the same as in October of last year. Receipts from dairy products continued to run substantially higher than in 1945. Seasonal increases occurred in cash received from sale of cotton, oil-bearing crops, and tobacco. The gain in receipts from fruits the greater than usual mostly because of large crops of apples, citrus fruits, grapes, and cranberries, which moved to market in large volume.

Present estimates indicate that total cash receipts in September were 2,014 million dollars, 8 percent less than in August. September receipts from livestock and products were down 25 percent from August, with income from meat animals dropping severly. Crop receipts in September gained 11 percent over the previous month, largely because of a marked seasonal increase in receipts from cotton.

Table 1.- Cash receipts from farm marketings and Government payments, United States

Source	Jan-Sept. 1945 1/	Jan-Sept. 1946 2/	September 1945 1/	Aug. 1946 1/	September 1946 2/
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
Farm marketings	14,243	15,204	1,867	2,193	2,014
Livestock and products	8,504	8,727	914	1,172	879
Meat animals	4,094	4,290	431	612	304
Dairy products	2,381	2,530	245	340	328
Poultry and eggs	1,851	1,743	216	199	227
Other	178	164	22	21	20
Crops	5,739	6,477	953	1,021	1,135
Food grains	932	1,346	132	233	203
Feed crops	1,017	1,152	113	163	162
Cotton (lint and seed)	417	510	68	80	175
Oil-bearing crops	156	213	56	26	49
Tobacco	594	561	137	181	142
Vegetables	1,246	1,267	216	151	167
Fruits and tree nuts	930	1,024	143	149	158
Other	397	404	68	38	79
Government payments	607	765	16	64	13
Farm marketings and Gov't payments	14,850	15,969	1,883	2,257	2,027

1/ Revised. 2/ Preliminary

Table 2.- Index numbers of cash receipts from farm marketings, payrolls of industrial workers, and physical volume of farm marketings, United States (1935-39 = 100) May-September 1946

Item	May 1946	June 1946	July 1946	Aug. 1946 1/	Sept. 1946 2/
Cash receipts from farm marketings					
All commodities	233	221	342	330	303
Livestock and products	256	225	337	309	232
Crops	204	216	348	347	398
All commodities, seasonally adj.	299	286	353	329	264
Livestock and products	249	226	355	327	227
Crops	411	375	351	333	319
Payrolls of industrial workers 3/	1/ 247	1/ 269	1/ 269	2/ 288	
Physical volume of farm marketings					
All commodities	125	111	154	145	129
Livestock and products	145	125	158	136	105
Crops	99	94	150	156	160
All commodities, seasonally adj.	159	131	155	139	112
Livestock and products	136	118	164	146	106
Crops	189	150	142	130	121

1/ Revised. 2/ Preliminary. 3/ Based on payrolls of factory, mining, and railroad workers, adjusted for seasonal variation.

State and Regional Estimates

In all regions, farmers' total cash receipts from farm marketings in August were larger than in the same month of 1945. Increases ranged from 5 percent in the North Atlantic Region to 40 percent in the South Central Region, with an average of 24 percent for the country as a whole. Receipts from livestock and products also were substantially above last year in all regions. In the United States as a whole, farmers' receipts from livestock in August made a little larger percentage gain than did receipts from crops. Although marketings of meat animals in August fell off somewhat from July, cash receipts from meat animals were still relatively high, with receipts from cattle and hogs well above August 1945 in each of the central regions. Cash receipts from dairy products made substantial gains over last year in all dairy sections, reflecting generally higher prices, particularly in the North Atlantic, East North Central, and West North Central Regions. Cash receipts from crops in August were above those of a year earlier in all regions except the North Atlantic. Greater receipts from wheat in the West North Central and Western Regions, from tobacco in the South Atlantic Region, and from corn in the East North Central Region were the result of both larger crops and higher prices. Increased receipts from cotton in the South Central Region were a result not only of higher prices but also of the slightly earlier maturing of the crop which permitted larger marketings. In the North Atlantic Region, truck crop prices were down and receipts from truck crops declined rather sharply.

During the first 8 months of 1946, total cash receipts of farmers were greater than in the corresponding period last year in all regions except the North and South Atlantic, where there were no significant changes. Receipts from livestock and products were higher than a year earlier in the East and West North Central and Western Regions, but lower in other regions. For all regions combined, receipts showed an increase of 3 percent. Receipts from meat animals rose in most regions, but were down in the North and South Atlantic States. In the West North Central Region, receipts from hogs increased 30 percent. Cash receipts from dairy products showed gains in all regions except the South Central. Income from milk was up in all regions, but receipts from butter and cream declined, reflecting the larger proportion of milk being sold as whole milk. Receipts from livestock and products were especially low in the South Atlantic Region in comparison with last year, largely because of decided declines in receipts from broilers and hogs. Greater receipts from wheat, oats, and soybeans contributed materially as to the relatively large increases in receipts from crops in the East and West North Central Regions. Receipts from crops in all other regions except the North Atlantic showed moderate gains, and for the country as a whole increased 12 percent.

CASH RECEIPTS FROM FARM MARKETINGS, BY REGIONS, 1945-46 COMPARED WITH 1940-44 AVERAGE

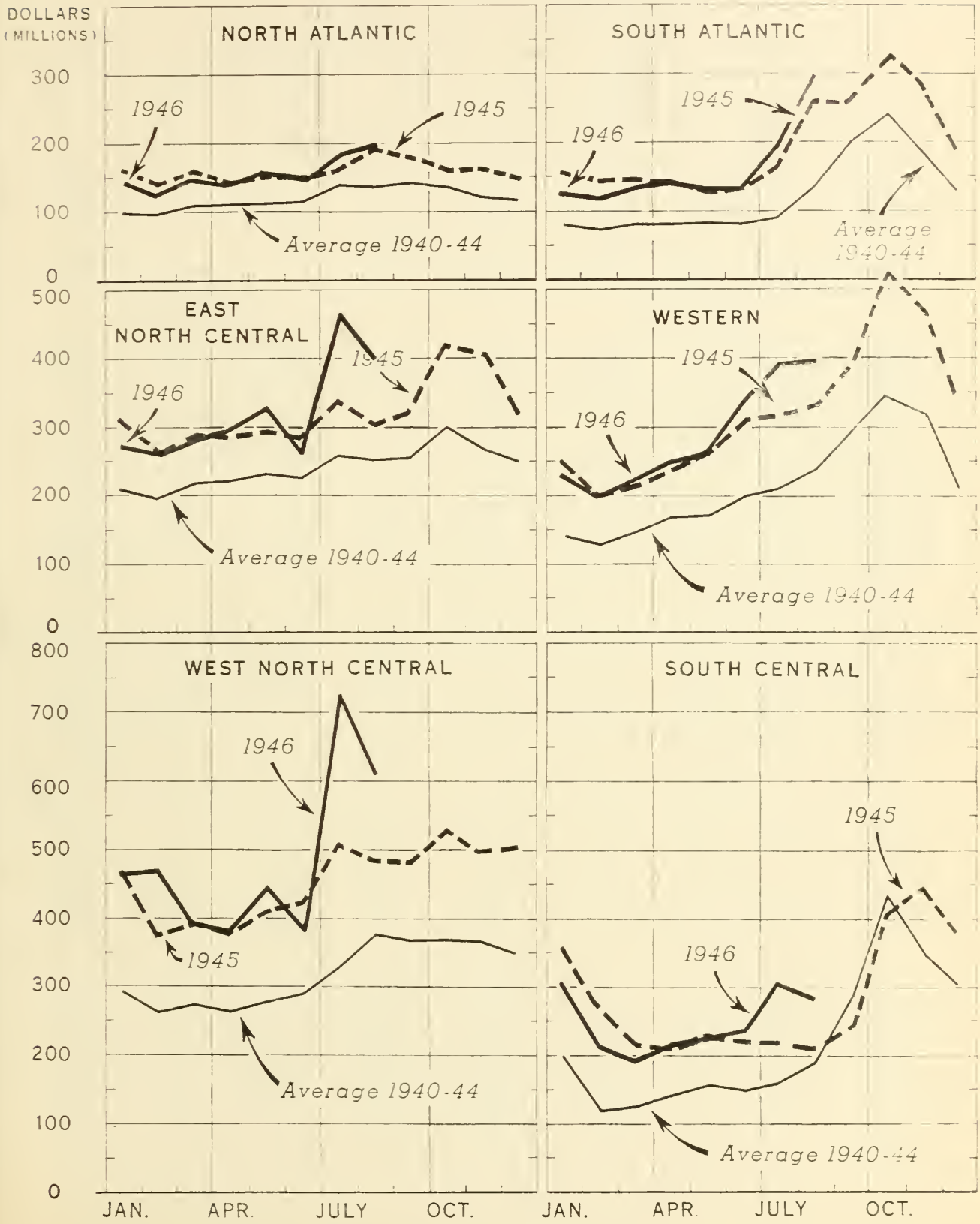


Table 3 - Cash receipts from farm marketings, by States, August 1945-46

State and region	Livestock and products		Crops		Total	
	1945	1946	1945	1946	1945	1946
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Maine	4,693	5,053	3,984	3,824	8,677	8,877
New Hampshire	3,225	3,302	1,650	1,420	4,875	4,722
Vermont	5,791	7,095	1,061	927	6,852	8,022
Massachusetts	9,129	9,175	4,819	4,342	13,948	13,517
Rhode Island	977	1,078	742	637	1,719	1,715
Connecticut	6,532	6,437	1,632	1,434	8,164	7,871
New York	36,306	42,950	29,471	24,998	65,777	67,948
New Jersey	8,523	9,396	21,289	18,741	29,812	28,137
Pennsylvania	32,039	39,179	16,953	18,704	48,992	57,883
North Atlantic Region	107,215	123,665	81,601	75,027	188,816	198,692
Ohio	38,978	54,265	23,319	23,170	62,297	77,435
Indiana	34,598	58,991	15,913	17,883	50,511	76,874
Illinois	55,029	76,894	29,378	40,479	84,407	117,373
Michigan	27,554	35,796	21,314	21,723	48,868	57,519
Wisconsin	51,535	65,360	6,830	6,330	58,365	71,690
East North Central Region	207,694	291,306	96,754	109,585	304,448	400,891
Minnesota	47,400	59,455	28,154	32,367	75,554	91,822
Iowa	93,997	116,860	20,433	23,547	114,430	140,407
Missouri	51,964	57,964	14,775	21,051	66,739	79,015
North Dakota	13,560	18,750	36,002	45,044	49,562	63,794
South Dakota	18,498	26,994	24,364	29,605	42,862	56,599
Nebraska	34,210	44,868	29,222	38,321	63,432	83,189
Kansas	41,252	58,129	29,710	37,881	70,962	96,010
West North Central Region	300,881	383,020	182,660	227,816	483,541	610,836
Delaware	8,642	8,359	2,246	2,664	10,888	11,023
Maryland	9,028	11,034	9,148	8,063	18,176	19,097
Virginia	14,264	16,228	5,432	10,323	19,696	26,551
West Virginia	7,183	8,571	1,824	2,804	9,007	11,375
North Carolina	10,075	10,584	81,603	95,067	91,673	105,651
South Carolina	3,587	3,427	48,311	56,971	51,898	60,398
Georgia	9,339	10,197	36,867	42,637	46,206	52,834
Florida	5,108	6,338	4,485	6,389	9,593	12,727
South Atlantic Region	67,226	74,738	189,916	224,918	257,142	299,656
Kentucky	17,182	21,133	5,632	5,744	22,814	26,877
Tennessee	13,446	17,065	5,156	4,652	18,602	21,717
Alabama	7,059	7,367	4,409	7,129	11,468	14,496
Mississippi	7,362	8,189	2,678	6,111	10,040	14,300
Arkansas	10,563	11,916	5,242	7,367	15,805	19,283
Louisiana	5,853	5,945	5,166	7,213	11,019	13,158
Oklahoma	27,574	34,118	13,794	15,947	41,368	50,065
Texas	40,242	51,892	33,442	74,345	73,684	126,237
South Central Region	129,281	157,625	75,519	128,508	204,800	286,133
Montana	9,691	11,228	11,889	19,083	21,580	30,311
Idaho	11,276	13,369	6,874	10,618	18,150	23,987
Wyoming	5,055	5,570	737	1,508	5,792	7,078
Colorado	10,270	15,304	22,661	24,339	32,931	39,643
New Mexico	3,380	4,605	1,794	1,660	5,674	6,265
Arizona	2,570	2,486	1,903	2,142	4,473	4,628
Utah	5,895	5,506	2,916	2,991	8,811	8,497
Nevada	1,370	1,529	238	330	1,608	1,859
Washington	13,566	16,375	23,509	33,964	37,075	50,339
Oregon	11,924	14,734	14,911	19,735	26,835	34,469
California	44,386	51,266	127,051	138,821	171,437	190,087
Western Region	119,883	141,972	214,483	255,191	334,366	397,163
United States	932,180	1,172,326	840,933	1,021,045	1,773,113	2,193,371

UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS

Table 4. - Cash receipts from farm marketings, by States,

January - August 1945-46

State and region	Livestock and products		Crops		Total	
	1945	1946	1945	1946	1945	1946
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Maine	32,098	31,558	51,129	51,496	83,227	83,054
New Hampshire	22,395	21,481	5,420	5,211	27,815	26,692
Vermont	45,547	46,498	6,342	7,037	51,889	53,535
Massachusetts	65,497	62,169	37,280	36,272	102,777	98,441
Rhode Island	7,680	7,334	3,481	3,034	11,161	10,368
Connecticut	47,879	43,057	32,428	27,724	80,307	70,781
New York	288,461	288,714	115,743	113,846	404,204	402,560
New Jersey	70,845	68,098	56,521	55,640	127,366	123,738
Pennsylvania	275,770	270,885	91,311	100,979	367,081	371,864
North Atlantic Region	856,172	839,794	399,655	401,239	1,255,827	1,241,033
Ohio	335,209	324,474	118,599	140,464	453,808	464,938
Indiana	320,596	333,173	88,678	116,929	409,274	450,102
Illinois	504,449	524,163	207,056	265,796	711,505	789,959
Michigan	224,584	233,187	79,616	103,419	304,200	336,606
Wisconsin	434,266	464,426	42,499	54,034	476,765	518,460
East North Central Region	1,819,104	1,879,423	536,448	680,642	2,355,552	2,560,065
Minnesota	431,649	464,465	103,041	121,665	534,690	586,130
Iowa	808,933	920,762	136,570	153,325	945,503	1,074,087
Missouri	378,699	364,354	65,127	74,081	443,826	438,435
North Dakota	81,189	88,024	146,782	181,746	227,971	269,770
South Dakota	164,509	211,290	86,562	114,609	251,071	325,899
Nebraska	318,220	372,917	175,528	205,805	493,748	578,722
Kansas	289,605	290,826	238,918	297,660	528,523	588,486
West North Central Region	2,472,804	2,712,638	952,528	1,148,891	3,425,332	3,861,529
Delaware	57,942	43,848	8,359	10,227	66,301	54,075
Maryland	70,589	66,906	53,308	52,857	123,897	119,763
Virginia	103,701	93,840	73,246	73,314	176,947	167,154
West Virginia	38,388	36,960	11,975	12,706	50,363	49,666
North Carolina	81,522	65,548	164,175	169,684	245,697	235,232
South Carolina	37,386	28,134	100,763	112,643	138,149	140,777
Georgia	76,467	72,816	131,769	143,239	208,236	216,055
Florida	42,525	44,197	224,482	255,003	267,007	299,200
South Atlantic Region	508,520	452,249	768,077	829,673	1,276,597	1,281,922
Kentucky	116,309	118,479	170,152	130,772	286,461	249,251
Tennessee	112,909	105,592	83,705	97,861	196,614	203,453
Alabama	58,725	52,301	47,121	48,032	105,846	100,333
Mississippi	56,340	53,627	58,759	68,311	115,099	121,938
Arkansas	79,974	72,244	72,939	88,412	152,913	160,656
Louisiana	42,784	40,264	62,549	54,665	105,333	94,929
Oklahoma	168,503	172,879	104,343	128,344	272,846	301,223
Texas	393,024	405,843	301,792	331,138	694,816	736,981
South Central Region	1,028,568	1,021,229	901,360	947,535	1,929,928	1,968,764
Montana	55,507	60,219	52,277	61,515	107,784	121,734
Idaho	70,481	68,050	52,210	61,232	122,691	129,282
Wyoming	28,506	29,222	5,062	6,764	33,568	35,986
Colorado	101,106	109,033	67,361	79,822	168,467	188,855
New Mexico	32,205	34,126	18,778	13,222	50,983	47,348
Arizona	27,873	28,939	63,992	71,629	91,865	100,568
Utah	45,849	43,801	14,480	13,630	60,329	57,431
Nevada	10,431	11,679	3,046	2,271	13,477	13,950
Washington	100,370	105,049	153,648	168,665	254,018	273,714
Oregon	77,005	76,140	67,211	78,000	144,216	154,140
California	355,693	317,452	729,645	776,986	1,085,338	1,154,438
Western Region	905,026	943,710	1,227,710	1,333,736	2,132,736	2,277,446
United States	7,590,194	7,849,043	4,785,778	5,341,716	12,375,972	13,190,759

Table 5.- Cash receipts from farm marketings, by major commodities, by regions, August and January-August 1946

Commodity	August 1945	August 1946	August 1946 as percent of 1945	January - August 1945	January - August 1946	January - August 1946 as percent of 1945
	Mil.dol.	Mil.dol.	Percent	Mil.dol.	Mil.dol.	Percent
NORTH ATLANTIC REGION						
Farm marketings	189	199	105	1,256	1,241	99
Livestock and products	107	124	115	856	840	98
Dairy products	56	71	126	436	450	103
Eggs	21	20	99	186	183	98
Chickens (including broilers)	18	16	88	101	90	89
Cattle and calves	7	9	128	86	80	94
Hogs	2	5	277	32	23	70
Other 1/	3	3	85	15	14	89
Crops	82	75	92	400	401	100
Truck crops	42	33	78	106	108	102
Potatoes	16	14	83	90	87	96
Peaches	6	7	117	6	7	117
Wheat	5	5	106	17	20	122
Greenhouse products	4	4	106	43	43	99
Apples	1	3	276	28	14	51
Small fruits	2	3	129	9	12	129
Forest products	2	2	101	14	16	119
Other 2/	4	4	138	87	94	109
EAST NORTH CENTRAL REGION						
Farm marketings	305	401	132	2,355	2,560	109
Livestock and products	208	291	140	1,819	1,879	103
Dairy products	80	100	126	661	685	104
Hogs	37	91	242	460	525	114
Cattle and calves	41	54	133	355	343	97
Eggs	23	20	87	217	201	93
Chickens (including broilers)	20	18	90	82	78	95
Sheep and lambs	2	4	161	18	23	129
Wool	2	2	94	11	10	93
Other 3/	3	2	91	15	14	93
Crops	97	110	113	536	681	127
Corn	12	26	217	147	196	133
Truck crops	31	24	78	50	48	95
Wheat	20	20	97	112	139	125
Oats	10	12	126	39	60	152
Peaches	8	8	104	8	8	104
Potatoes	5	3	72	21	19	90
Greenhouse products	3	3	106	33	33	99
Soybeans	1	3	304	25	61	244
Apples	1	2	186	9	9	98
Small fruits	1	2	129	5	7	129
Forest products	1	1	95	10	11	112
Cherries	4/	1	255	6	14	237
Other 5/	4	5	122	71	76	107

See page 11 for footnotes.

- Continued

Table 5.- Cash receipts from farm marketings, by major commodities, by regions, August and January-August 1946 - Continued

Commodity	August 1945	August 1946	August 1946 as percent of 1945	January-August 1945	January-August 1946	January-August 1946 as percent of 1945
	Mil.dol.	Mil.dol.	Percent	Mil.dol.	Mil.dol.	Percent
WEST NORTH CENTRAL REGION						
Farm marketings	484	611	126	3,425	3,862	113
Livestock and products	301	383	127	2,473	2,713	110
Cattle and calves	114	151	132	840	879	105
Hogs	62	101	162	713	925	130
Dairy products	51	67	132	415	431	104
Chickens (including broilers)	28	27	94	84	84	99
Eggs	31	25	80	314	296	94
Sheep and lambs	5	6	128	65	64	99
Wool	4	3	84	18	15	84
Other 6/	6	3	55	24	19	81
Crops	183	228	125	952	1,149	121
Wheat	79	116	147	378	572	152
Corn	24	28	114	301	252	84
Oats	24	25	103	69	93	135
Flaxseed	22	18	83	30	34	112
Barley	12	17	141	34	47	138
Truck crops	6	5	78	10	8	79
Cotton lint	---	4	---	5	9	172
Peaches	2	2	103	2	2	103
Rye	2	2	119	5	10	183
Potatoes	3	2	81	27	30	112
Hay	2	2	97	19	18	94
Soybeans	1	1	102	12	30	241
Other 7/	6	6	92	60	44	74
SOUTH ATLANTIC REGION						
Farm marketings	257	300	117	1,277	1,282	100
Livestock and products	67	75	111	509	452	89
Chickens (including broilers)	24	22	91	153	121	79
Dairy products	17	21	124	125	129	103
Cattle and calves	12	15	128	63	62	100
Eggs	9	9	97	79	76	96
Hogs	2	6	263	78	55	71
Sheep and lambs	1	1	116	4	4	114
Other 8/	2	1	53	7	5	73
Crops	190	225	118	768	830	108
Tobacco	159	181	114	226	232	102
Peaches	4	8	209	43	51	118
Cotton lint	3	7	293	52	49	93
Wheat	3	5	157	16	22	144
Truck crops	6	5	78	157	172	109
Corn	3	3	131	19	25	128
Forest products	3	3	100	22	26	118
Apples	1	2	263	18	11	63
Cottonseed	1	2	190	3	4	118
Sweetpotatoes	1	2	120	10	10	91
Potatoes	2	2	91	39	28	74
Oats	1	2	138	5	6	132
Other 9/	3	3	114	158	194	123

See page 11 for footnotes. - Continued

Table 5.- Cash receipts from farm marketings, by major commodities, by regions, August and January-August 1946 - Continued

Commodity	August 1945	August 1946	1946 as percent of 1945	January-August 1945	January-August 1946	1946 as percent of 1945
	Mil.dol.	Mil.dol.	Percent	Mil.dol.	Mil.dol.	Percent
SOUTH CENTRAL REGION						
Farm marketings	204	286	140	1,930	1,968	102
Livestock and products	129	158	122	1,029	1,021	99
Cattle and calves	58	76	131	332	367	111
Dairy products	29	33	117	220	209	95
Hogs	8	17	208	166	149	89
Eggs	16	14	86	155	144	93
Chickens (including broilers)	11	10	86	74	71	97
Sheep and lambs	5	6	120	34	38	112
Other 10/	2	2	86	48	43	90
Crops	75	128	170	901	947	105
Cotton lint	19	61	331	213	223	104
Wheat	12	19	153	120	170	141
Truck crops	11	8	78	112	139	124
Corn	4	6	138	29	36	124
Cottonseed	5	5	112	18	19	102
Sorghums for grain	1	4	299	20	18	89
Rice	3	3	118	16	11	71
Peanuts	1	2	117	6	6	108
Other 11/	19	20	105	367	325	89
WESTERN REGION						
Farm marketings	334	397	119	2,133	2,277	107
Livestock and products	120	142	118	905	943	104
Cattle and calves	40	47	117	285	309	108
Dairy products	36	47	130	279	298	107
Sheep and lambs	11	13	118	69	74	106
Eggs	12	12	96	109	108	100
Hogs	5	9	211	61	63	104
Wool	6	6	94	39	36	93
Chickens (including broilers)	6	6	98	36	32	89
Other 6/	4	2	52	27	23	85
Crops	214	255	119	1,228	1,334	109
Wheat	32	61	191	117	178	153
Truck crops	45	35	78	260	305	117
Peaches	31	28	90	49	46	95
Pears	16	18	110	26	25	96
Barley	11	17	145	42	59	139
Grapes	17	16	92	23	20	85
Oranges	3	15	446	158	134	85
Potatoes	10	12	115	91	94	103
Hay	9	10	114	53	60	113
Plums	2	7	370	9	16	176
Apples	6	5	85	60	59	98
Other seeds	4	5	124	5	6	115
Prunes (dried)	3	3	106	22	22	97
Lemons	3	3	111	34	31	89
Other 12/	22	20	91	279	279	100

See page 11 for footnotes. - Continued

Table 5.---Footnotes.

1/ Sheep and lambs, turkeys, other poultry, wool, horses, mules, honey, and beeswax.
2/ Rye, buckwheat, feed crops, soybeans, cherries, other fruits, dry edible beans sweetpotatoes, red clover seed, alsike clover seed, timothy seed, and nursey products.
3/ Turkeys, other poultry, horses, mules, honey, and beeswax.
4/ Less that $500,000.
5/ Rye, buckwheat, barley, hay, flaxseed, apples, grapes, other fruits, dry edible beans, dry field peas, legume and grass seed, sorgo sirup, popcorn, broomcorn, and nursey products.
6/ Turkeys, other poultry, horses, mules, mohair, honey, and beeswax.
7/ Buckwheat, sorghums for grain, apples, grapes, small fruits, other fruits, dry edible beans, sweetpotatoes, dry field peas, legume and grass seed, sorgo sirup, popcorn, broomcorn, and forest, nursery, and greenhouse products.
8/ Turkeys, other poultry, wool, horses, mules, honey, and beeswax.
9/ Rye, barley, hay, soybeans, limes, pears, grapes, other fruits, legume and grass seed, and nursery and greenhouse products.
10/ Turkeys, other poultry, wool, horses, mules, mohair, honey, and beeswax.
11/ Rye, hay, oats, barley, flaxseed, soybeans, apples, pears, peaches, grapes, figs, other fruits, mung beans, dry edible beans, potatoes, sweetpotatoes, legume and grass seed, popcorn, broomcorn, and forest, nursery, and greenhouse products.
12/ Rye, rice corn, oats, sorghums for grain, cotton, flaxseed, grapefruit, cherries, apricots, strawberries, figs, small fruits, other fruits, dry edible beans, sweetpotatoes, dry field peas, legume and grass seed, popcorn, broomcorn, and forest, nursery, and greenhouse products.

Net Income of Canadian Farm Operators Lower in 1945

Net income of farm operators in Canada dropped 18 percent in 1945 from 1944. This was the second break since 1939 in the general upward movement in net income, as it also dropped about 10 percent in 1943. Data relating to this decline are shown in the accompanying table*.

Year	Cash receipts from farm products	Gross income including supplementary payments	Operating expenses	Net income of farm operators
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
1938	664	885	498	387
1939	722	972	488	484
1940	766	1,040	511	529
1941	914	1,123	526	597
1942	1,101	1,721	617	1,104
1943	1,410	1,647	657	990
1944	1,826	1,981	754	1,227
1945	1,686	1,755	751	1,004

Gross income dropped 11 percent from 1944 due largely to smaller marketings of wheat, barley, and hogs in the Prairie Provinces, but expenses were maintained at close to the 1944 level. Outlays for wages, purchased feed, fertilizer, repairs to buildings, and operating and repairs and depreciation of machinery were up, while net farm rent, interest charges, and cost of binder twine declined.

In arriving at gross income, the sum of cash receipts from farm marketings and income in kind(value of home consumption and rental value of farm dwellings) was adjusted for value of changes in inventory. Inventories dropped in 1945, and the value of the change amounted to 234 million dollars. Cash receipts from farm marketings declined 8 percent, but as there was a greater downward change in value of inventories in 1945 than in 1944, gross income dropped 11 percent. With operating expenses in 1945 nearly as high as in 1944, almost all the difference in gross income between 1945 and 1944 was reflected in net income.

In 1943, cash receipts from farm products rose 28 percent, but gross income declined 4 percent. Farm inventories increased in 1942 by more than 368 million dollars, while in 1943 they declined by 62 million dollars. This downward difference between 1942 and 1943 in inventories was greater than the increase in cash receipts. Consequently, when gross income was adjusted for inventory changes, it resulted in a lower estimate of gross income in 1943 than in 1942. This difference was even more pronounced in net income because of the 6 percent increase in operating expenses in 1943.

*Source: Dominion Bureau of Statistics, Department of Trade and Commerce, Canada.